

# Workforce Conditions Through September

Presented to

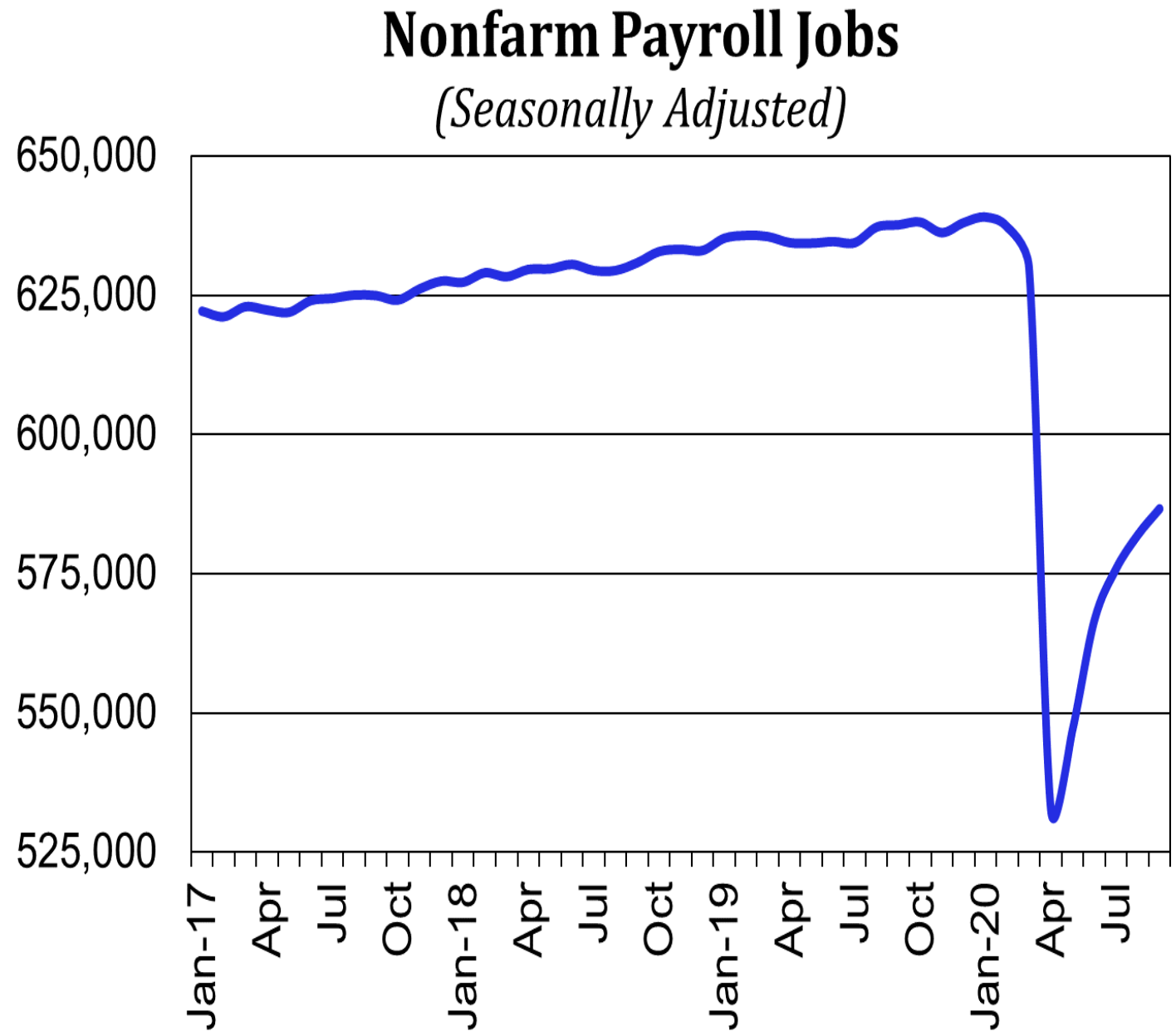
**Consensus Economic Forecasting Commission**

October 23, 2020



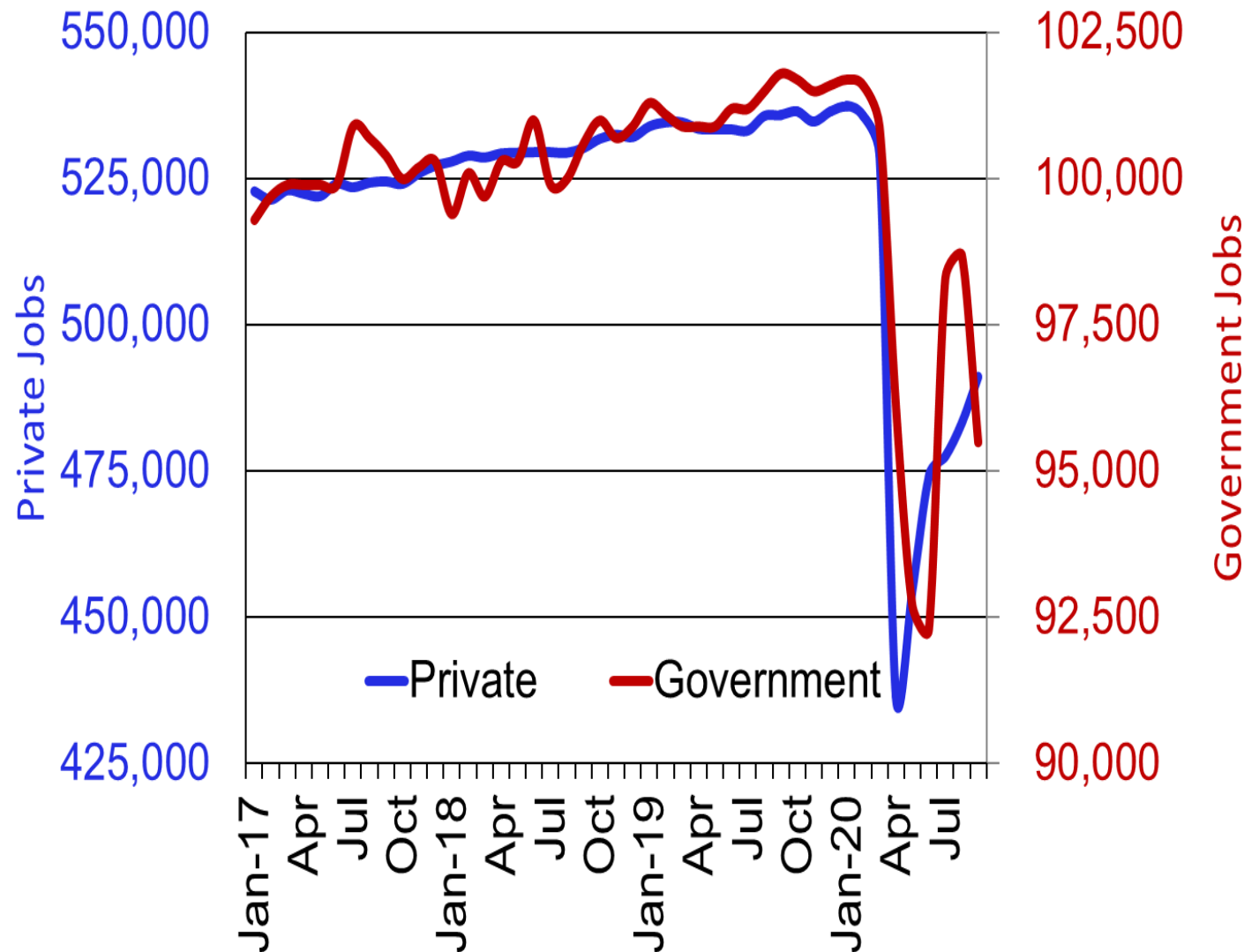
Glenn Mills  
Center for Workforce Research  
Maine Dept. of Labor  
[www.maine.gov/labor/cwri](http://www.maine.gov/labor/cwri)  
[Glenn.mills@maine.gov](mailto:Glenn.mills@maine.gov)  
207-621-5192

Through September  
we have recovered  
52% of the 104,500  
jobs lost in March  
and April.



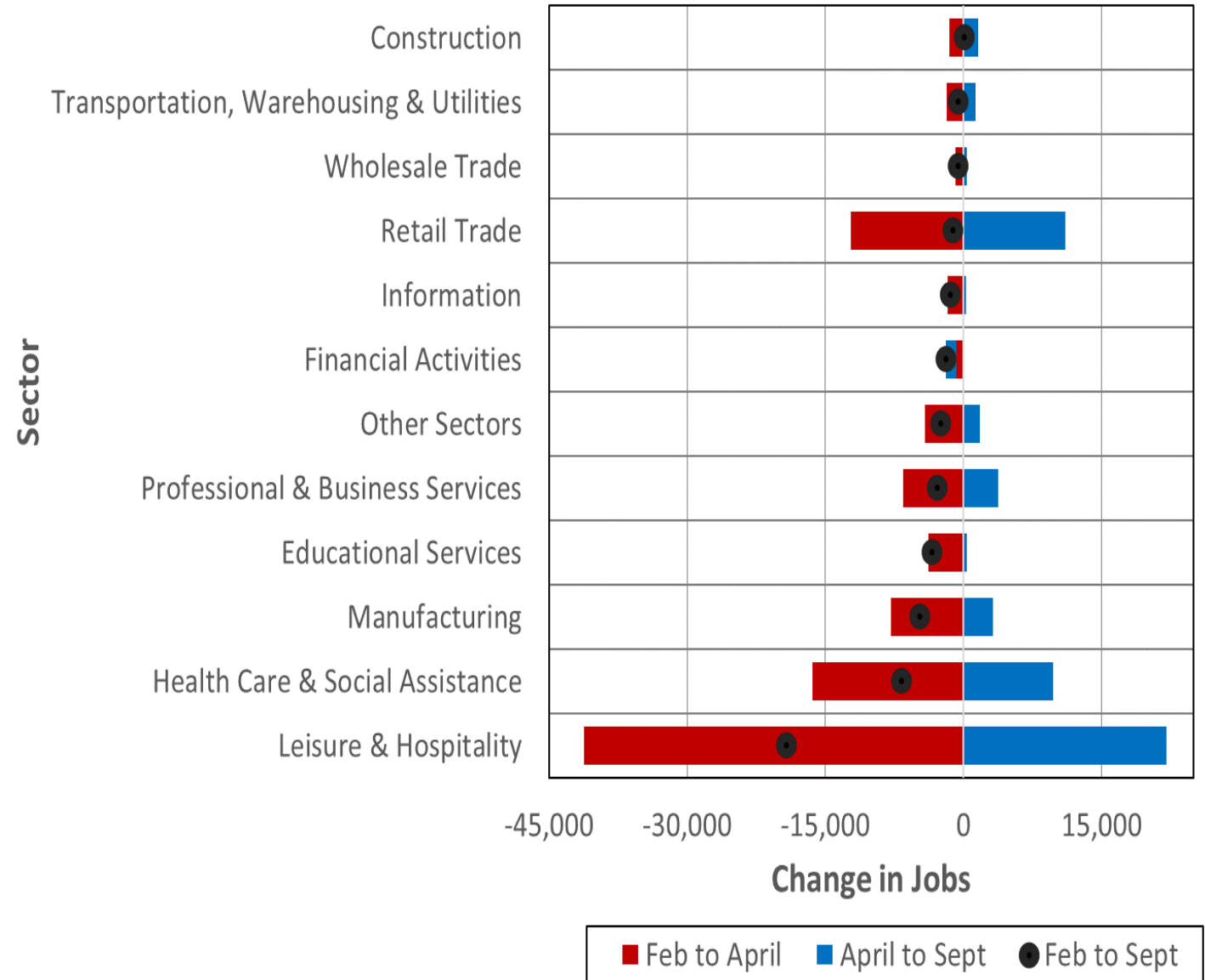
The unusual timing and magnitude of job decreases and increases in public schools has been problematic for seasonal adjustment, causing large monthly swings in government jobs data.

## Private Sector & Government Payroll Jobs (Seasonally Adjusted)



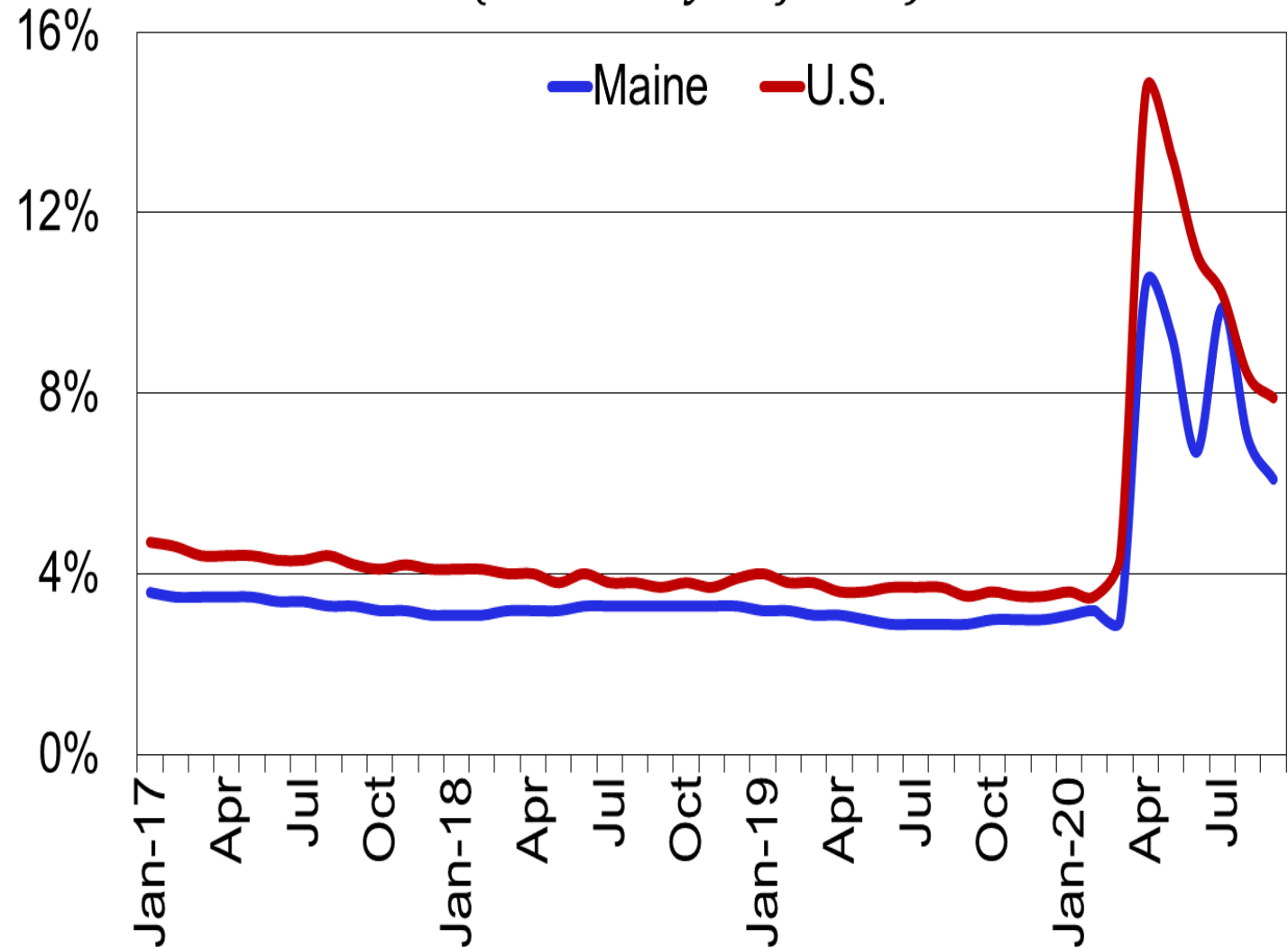
The number of jobs is close to pre-pandemic levels in the construction, the transportation, warehousing & utilities, and the wholesale and retail trade sectors. Jobs have been recovered, but remain down most sharply in the leisure & hospitality, healthcare & social assistance, manufacturing, and private education sectors.

## Change in Jobs by Sector in Maine



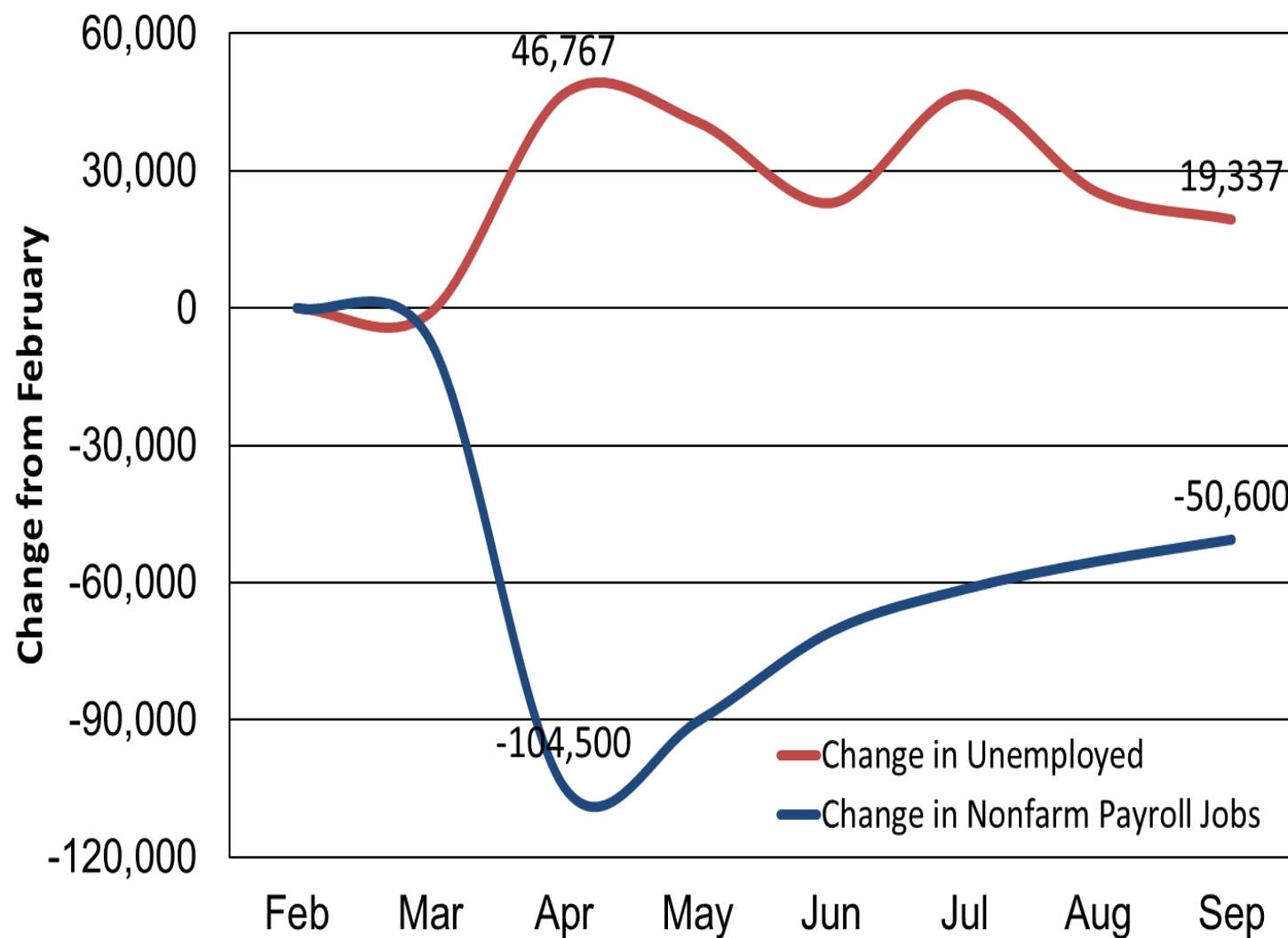
Unemployment estimates have moved less erratically the last two months. The 6.1% rate for September continued to understate the level of job displacement that has occurred.

## Unemployment Rates (Seasonally Adjusted)



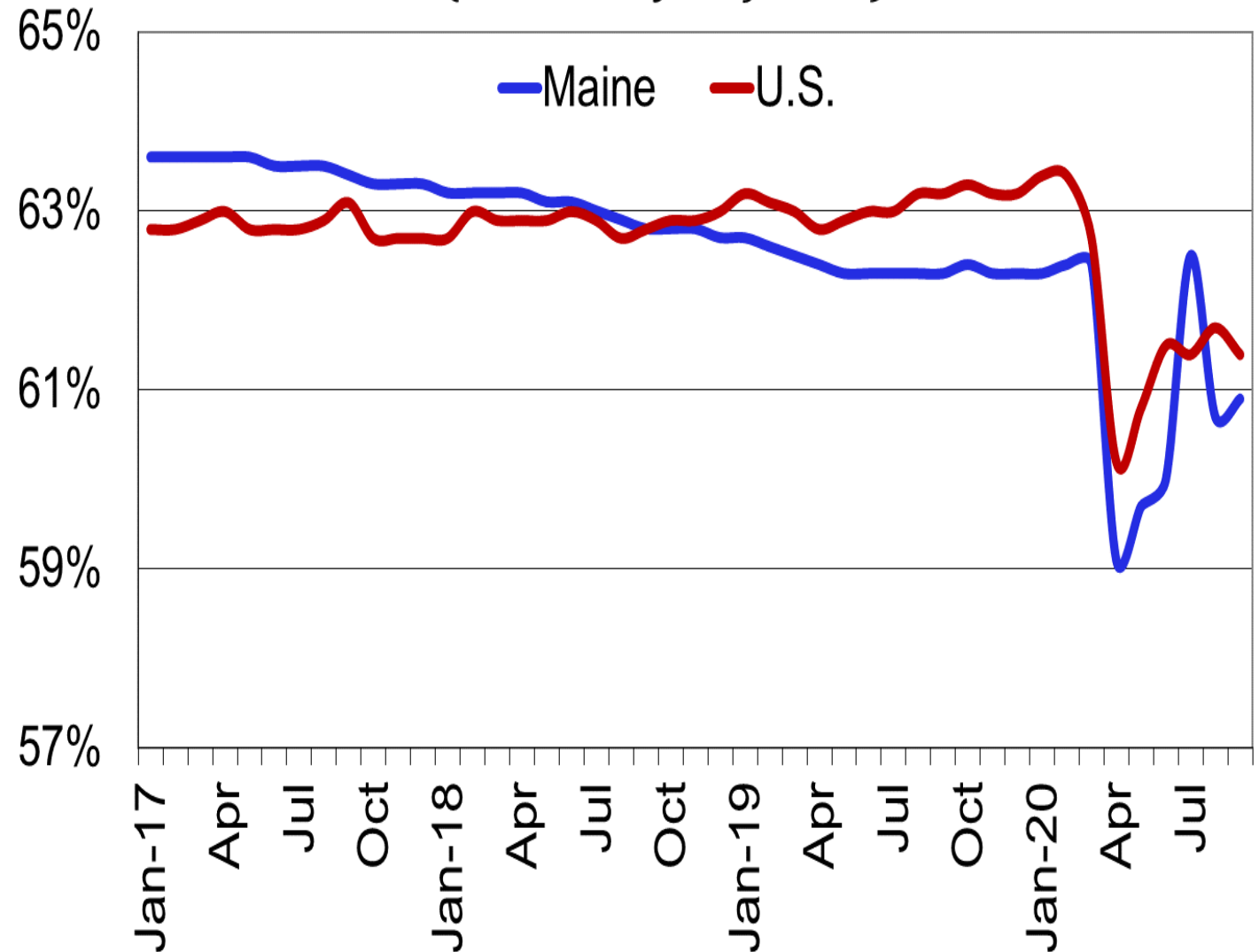
Since February the rise in the estimated number of unemployed has been much less than the decrease in nonfarm payroll jobs. There was more alignment between the two measures during and after the last recession.

## Change in Nonfarm Jobs & Unemployed Since February *(Seasonally Adjusted)*

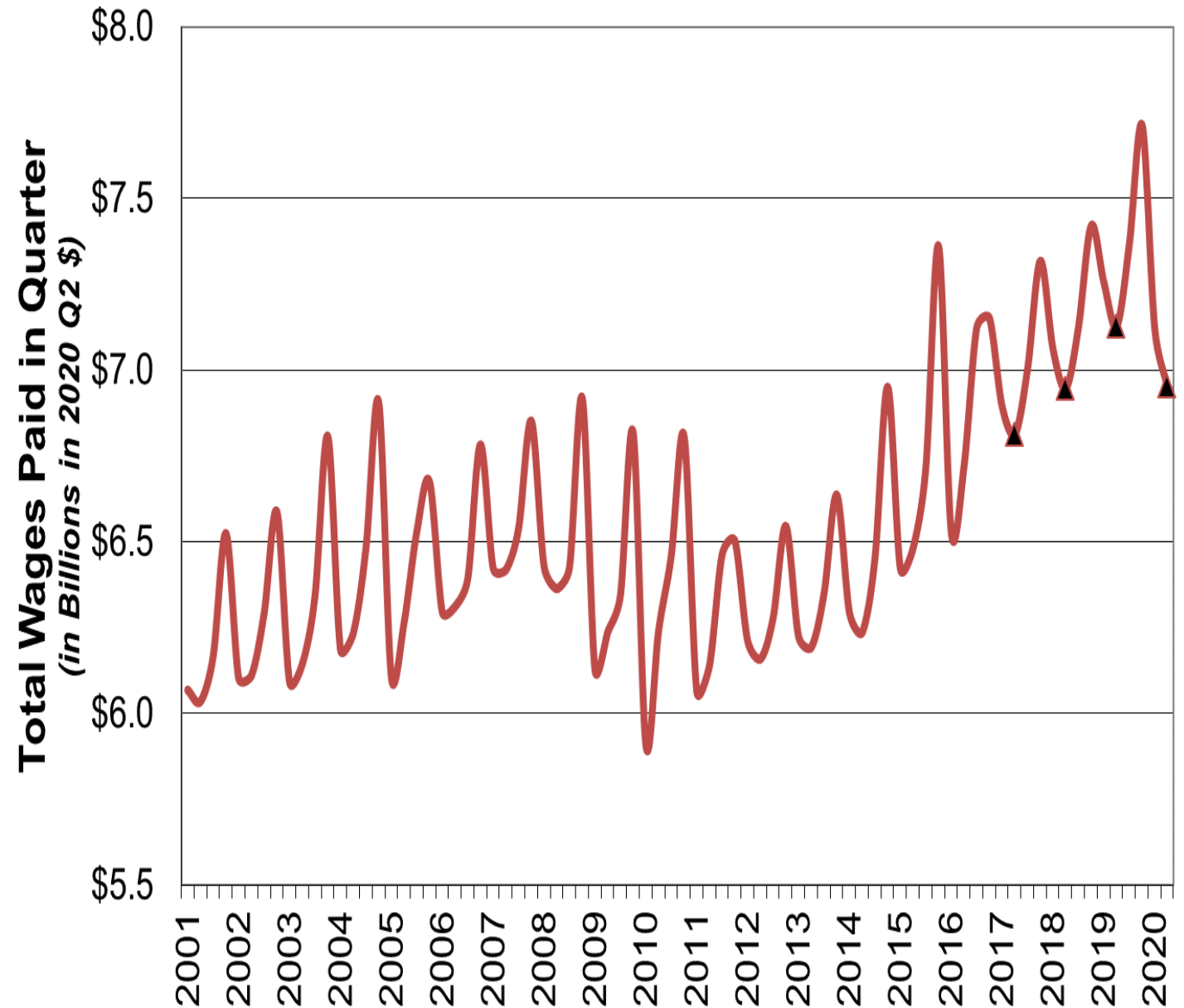


Labor force participation remains lower than before the pandemic began to impact the labor market. This, along with some technical data collection issues related to the survey, is why unemployment estimates understate job loss. Those who did not or could not search for work are not considered to be unemployed – they are not in the labor force.

## Labor Force Participation Rates (Seasonally Adjusted)

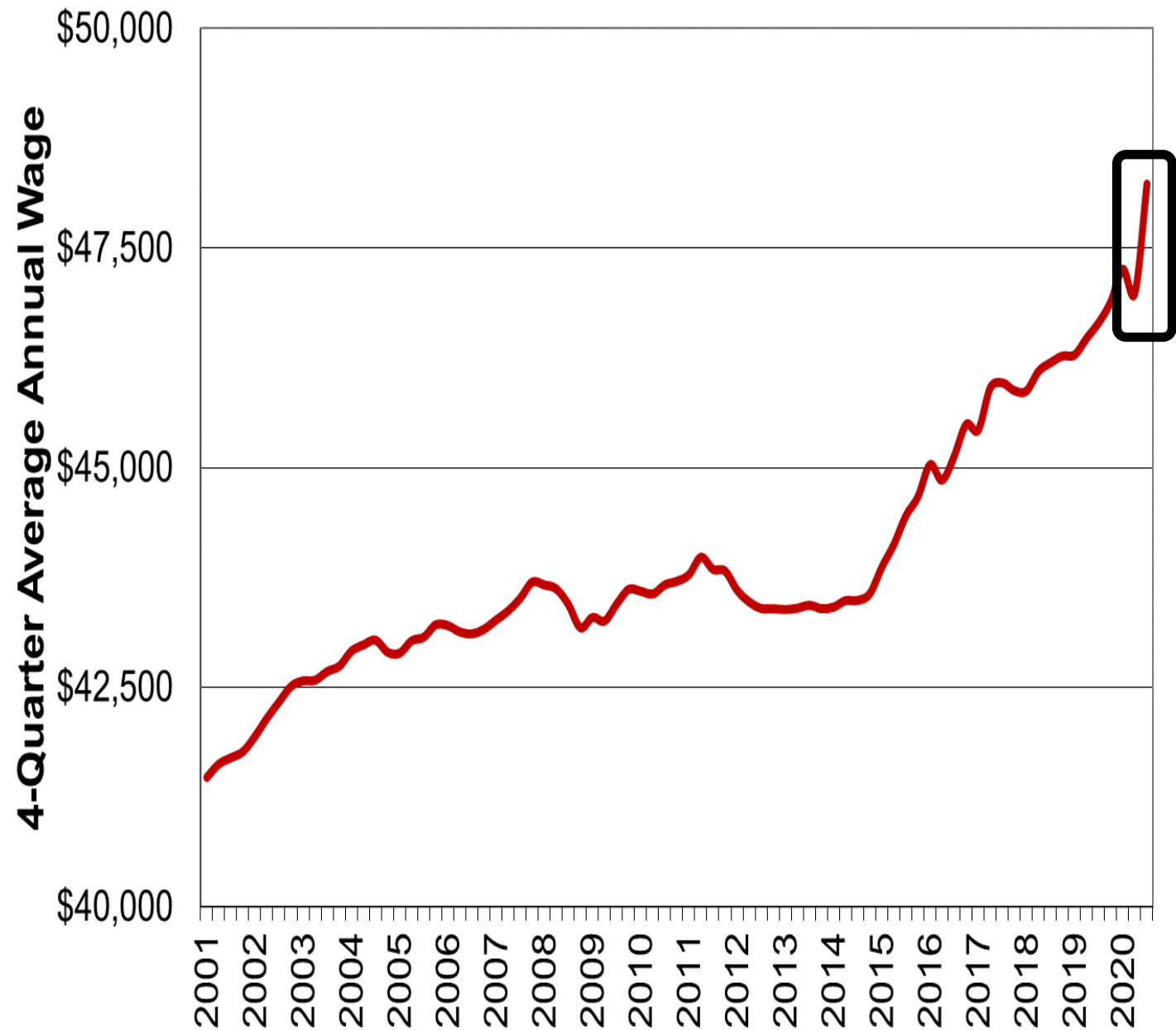


The \$6.95 billion in wages paid in the second quarter was down \$176 million from a year ago and close to the level in 2018. (Adjusted for inflation to 2020 \$.)

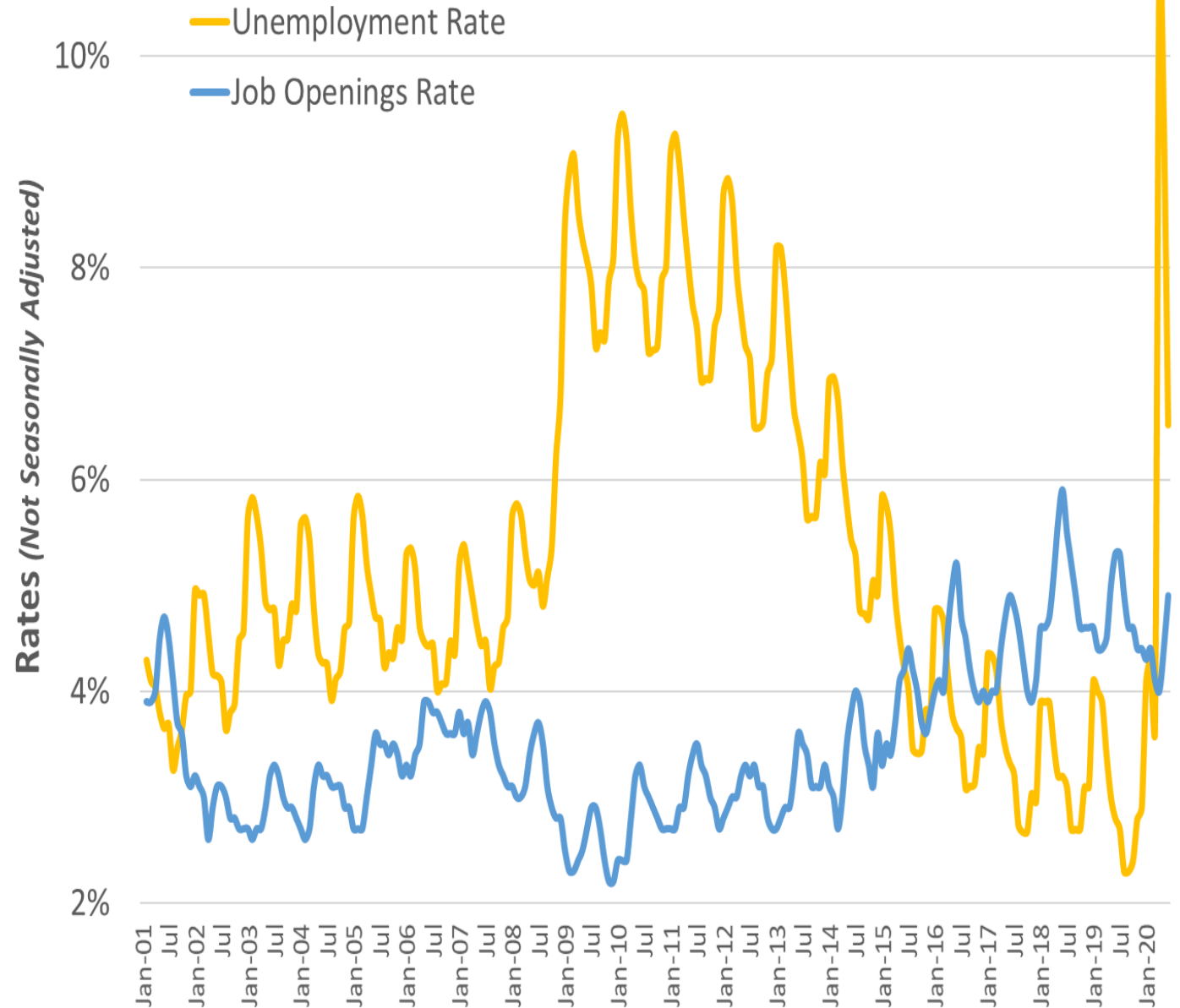




Average wages increased sharply in the second quarter. This was because job losses were sharper than wage losses. The sharpest job losses have been in lower wage industries that have a higher than average share of part time workers. As those industries return to normal, average wages may decline somewhat.



Through June the job openings rate was down modestly, but remained elevated, only partly reflecting the increase in unemployment. It is too early to know, but this may be because many of those who have been displaced do not have the background to fill openings in sectors that need more staff.



## The underlying factors that will shape the US economy by 2025

- Remote working and the decline of geography
  - ✓ Permanent increase
  - ✓ More recruiting flexibility across geographies, including offshoring
- Growing online purchasing and delivery
  - ✓ Retail, higher education, health, banking
- Increased automation
- Shrinking supply of workers without a bachelor's degree
- Industry structural changes as a result of the crisis
  - ✓ Bankruptcies, M&A, private equity
- State and local government budget crisis
- The decline of city centers



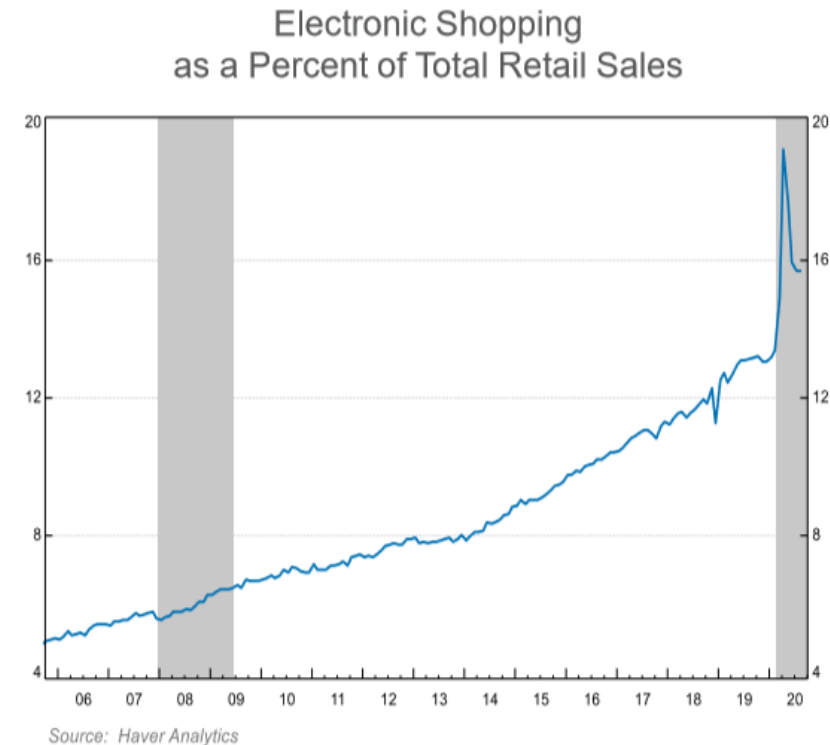
## The accelerated shift to remote work

- With 6-month experience, the overall perception is that remote work does not hurt productivity
- Comparing our September survey to our April survey, a larger percent of companies expects a permanent shift to remote work – perhaps the biggest Covid-19 legacy
- Remote work works better for some occupations than for others
- Remote work and productivity
- A very large increase in the willingness to hire 100% virtual workers anywhere in the US, and even outside the country
- The decline of city centers



## Lasting disruption in **retail** will be driven by the rise in e-commerce and increasing industry concentration

- **Consumer demand** will likely return to pre-COVID levels
  - ✓ Reallocation between online and brick-and-mortar
- Lasting **shift to online** shopping
- Rising **industry concentration**
  - ✓ Online retail giants get bigger
  - ✓ Rising store closures, bankruptcies and M&A among SMEs
- Relocation **away from city centers**
  - ✓ Rise in remote work
  - ✓ Closed retail locations become last-mile micro-fulfillment centers
- Jobs more susceptible to **automation**
  - ✓ Rise of no-touch shopping technologies
  - ✓ Robotics powered fulfillment centers
  - ✓ e.g. cashiers, salespersons, shipping and receiving clerks



## Long-term business geography implications

- Drop in **spending** in city centers and some of it will remain **permanent**
- Commercial real estate in city centers will suffer a **double whammy**
- As commuting time is **less important for remote workers** – a shift in the demand for housing to outside city centers
- Downward pressure on **real estate prices** in city centers
- Increase in spending **outside city centers** on retail, restaurants, other services and real estate
- In the long run, city centers will likely remain an **attractive residential destination**
- Worst case scenario: fiscal budget-tax revenues **vicious cycle**



In early October the U.S. Census found that 34% of Maine residents lived in a household in which some adult had substituted some or all of their typical in-person work for telework. The share was higher among those with a college degree and those with above average income.

**Transportation Table 1. Teleworking during the Coronavirus Pandemic, by Select Characteristics: Maine**

Source: U.S. Census Bureau Household Pulse Survey, **September 30 to October 12**

Note: These data are experimental. Users should take caution using estimates based on subpopulations of the data – sample sizes may be small and the standard errors may be large.\*\*

Total Population 18 Years and Older

Select characteristics	Total	Some adult in household substituted some or all of their typical in-person work for telework because of the coronavirus pandemic			
		Yes	No	No change in work	Did not report
<b>Total</b>	1,065,620	34%	43%	17%	5%
<b>Age</b>					
18 - 24	87,495	48%	32%	19%	1%
25 - 39	244,607	42%	41%	16%	2%
40 - 54	239,063	43%	37%	16%	3%
55 - 64	212,414	39%	44%	13%	3%
65 and above	282,042	13%	53%	22%	12%
<b>Sex</b>					
Male	515,258	34%	43%	19%	4%
Female	550,362	34%	44%	15%	6%
<b>Education</b>					
Less than high school	35,493	15%	44%	21%	20%
High school or GED	380,239	16%	54%	24%	6%
Some college/associate's degree	330,525	38%	44%	14%	5%
Bachelor's degree or higher	319,363	55%	29%	13%	3%
<b>Household income</b>					
Less than \$25,000	132,608	11%	54%	23%	11%
\$25,000 - \$34,999	68,900	11%	69%	16%	3%
\$35,000 - \$49,999	90,839	12%	67%	16%	5%
\$50,000 - \$74,999	152,184	34%	45%	19%	3%
\$75,000 - \$99,999	136,666	49%	37%	14%	
\$100,000 - \$149,999	128,050	53%	36%	9%	1%
\$150,000 - \$199,999	50,632	61%	25%	13%	1%
\$200,000 and above	25,743	75%	20%	3%	2%
Did not report	279,997	34%	35%	22%	9%

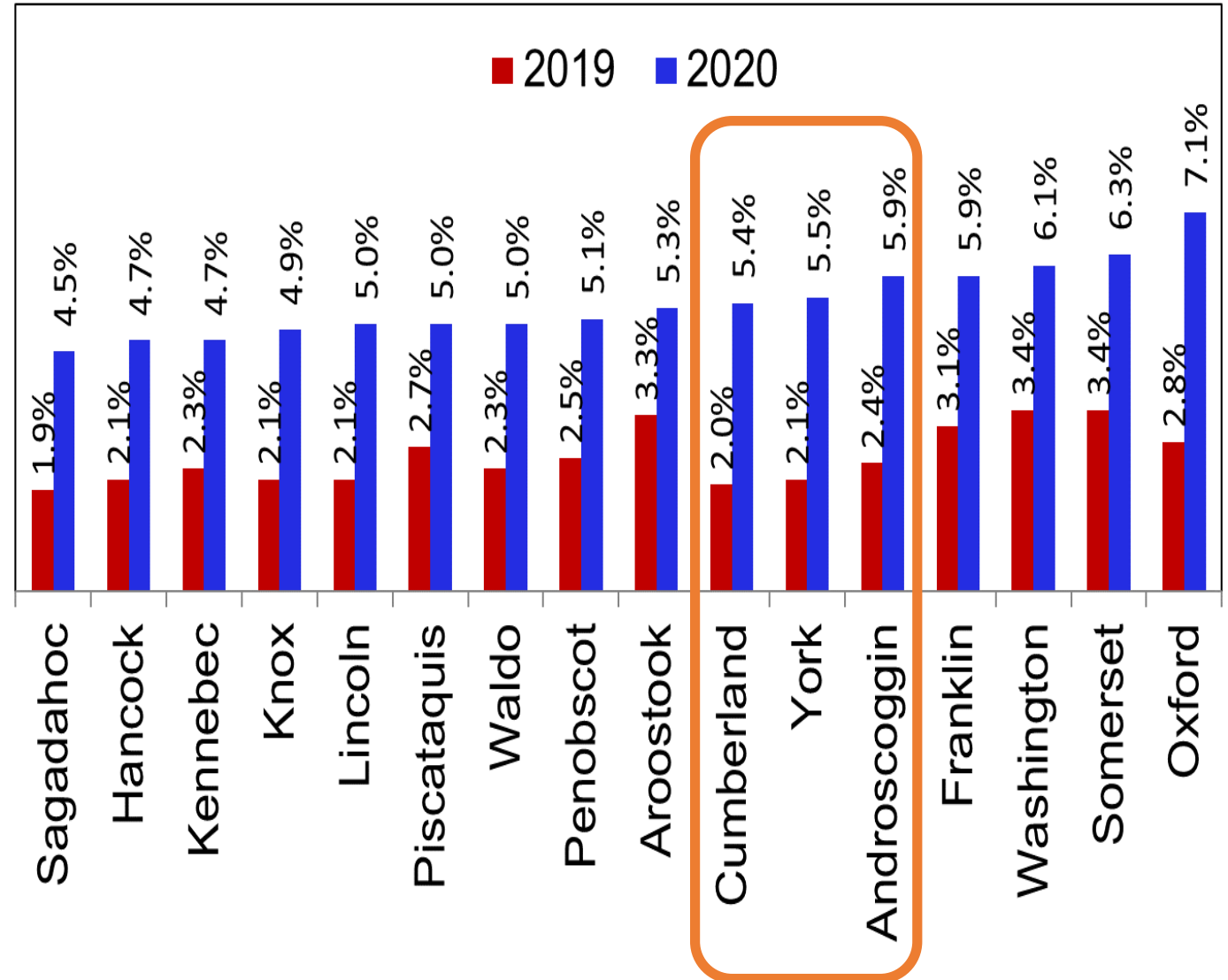
\* Totals may not sum to 100% as the question allowed for multiple categories to be marked.

\*\* The Census Bureau considers estimated coefficients of variation (standard error divided by the estimate times 100) over 30 percent to indicate potentially serious data quality issues related to sampling error.

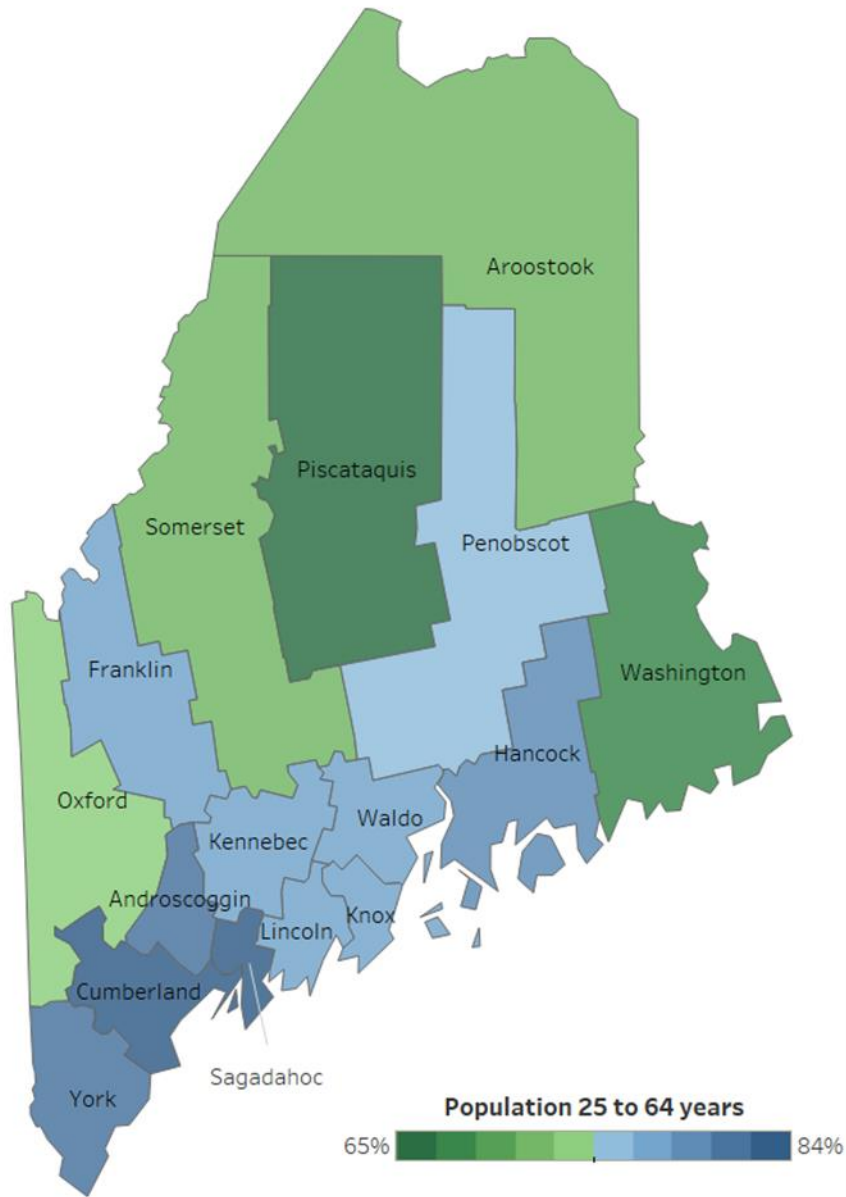


Unemployment is up from a year ago throughout the state. The largest increases have been in areas with the highest population density and concentrations of industries most impacted by the pandemic. It is unusual for York and Cumberland counties to have unemployment rates near the upper end among counties.

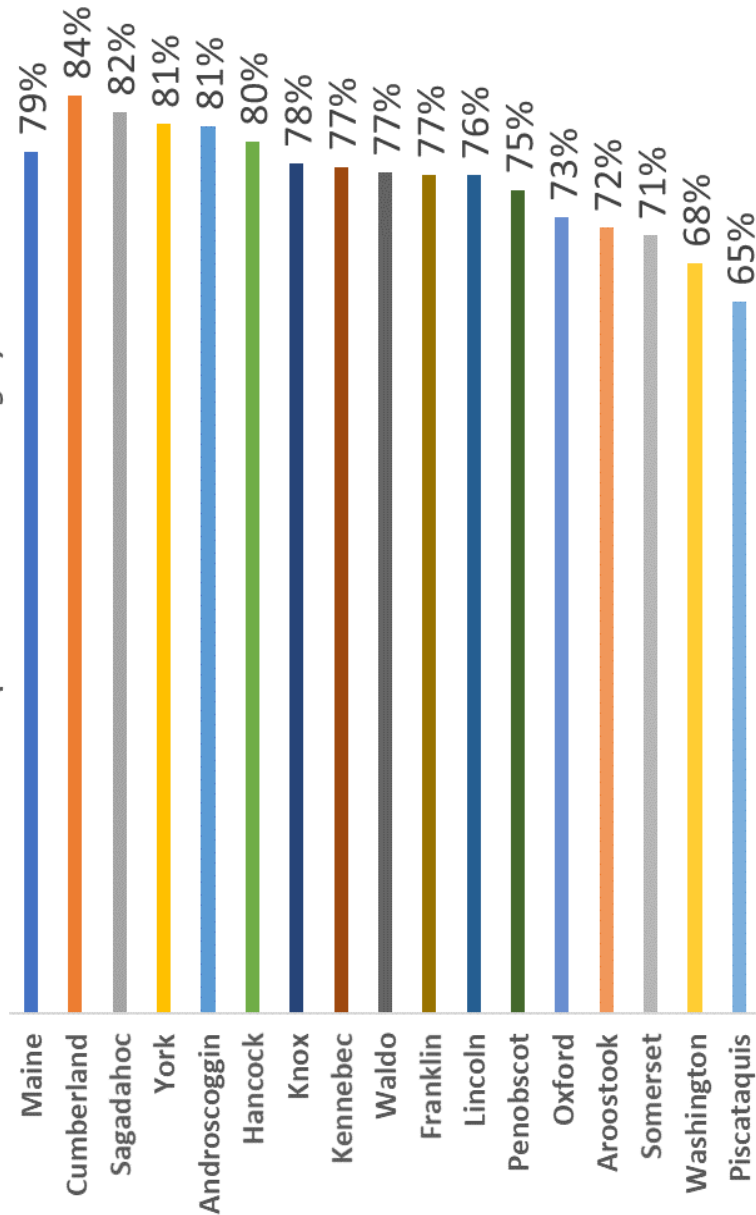
## September County Unemployment Rates (Not Seasonally Adjusted)



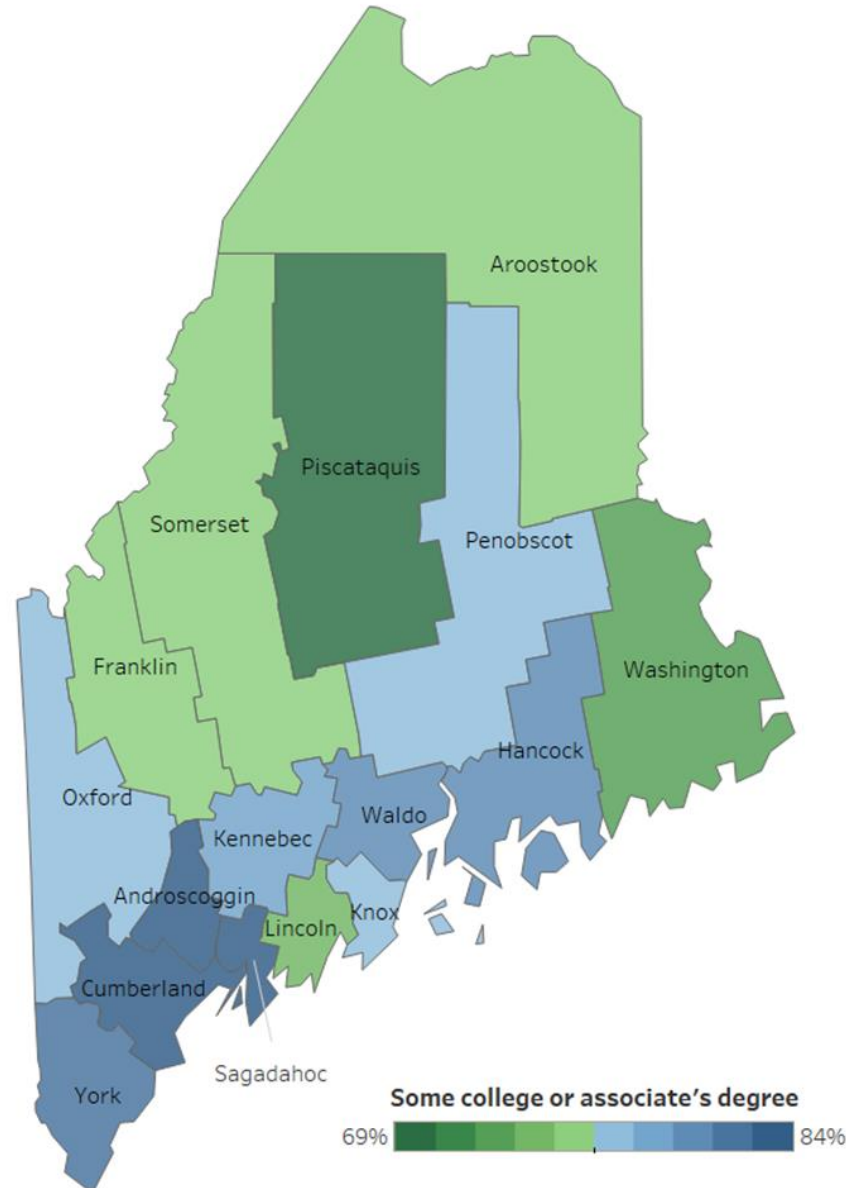
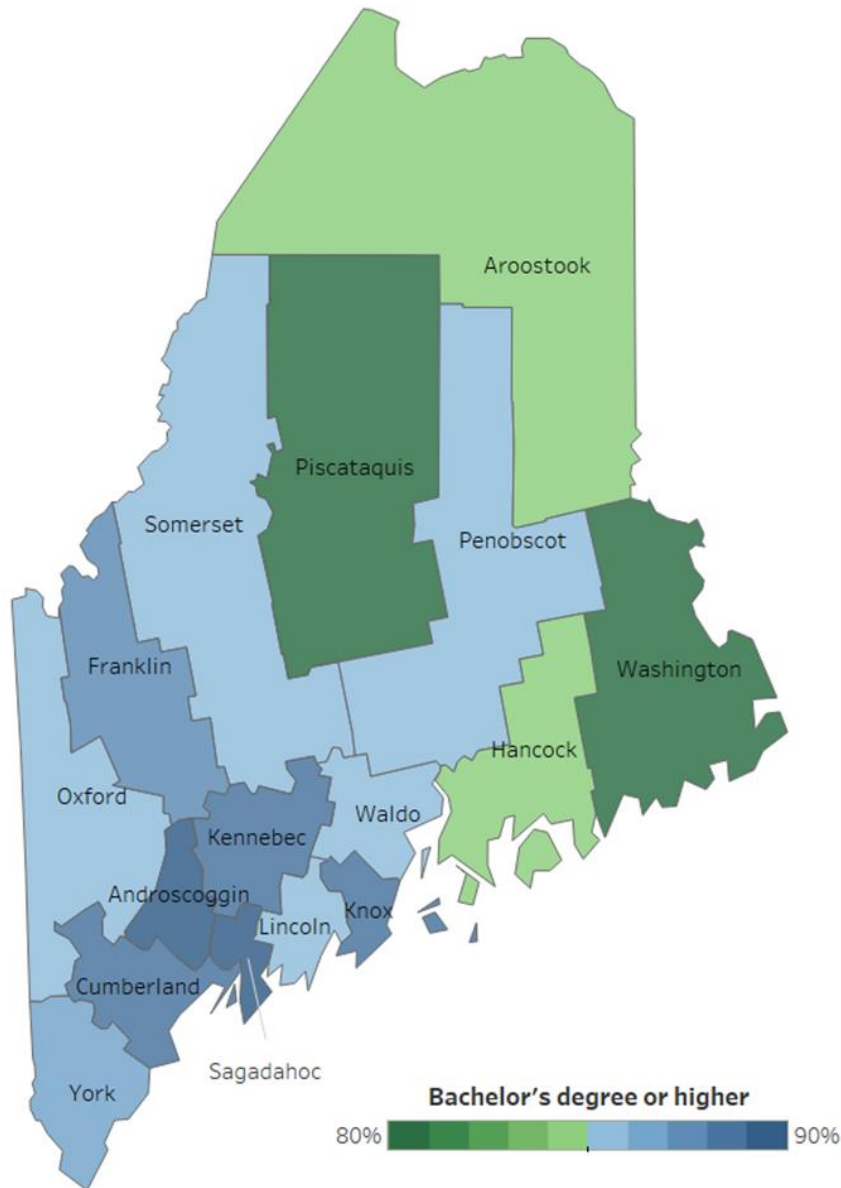




**Age 25 to 64 Labor Force Participation Rates**  
(2014 to 2018 Averages)



Labor force participation is strongly related to opportunity. Among those age 25 to 64, participation is highest in the southernmost counties, where population and job growth is strongest and unemployment is lowest. Participation is lowest in the northern rim of the state, where the population has been declining and labor market opportunities are fewer.



Labor force participation is highest among those with the most educational attainment, and it is highest in parts of the state where economic opportunity is highest.

In the south, where conditions are strongest, participation is higher at each level of education than in the north, where conditions are not as strong.

